

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the matter of:**

**APPLICATION OF LICKING VALLEY RURAL  
ELECTRIC COOPERATIVE CORPORATION  
FOR AN ORDER APPROVING KY ENERGY  
RETROFIT RIDER PERMANENT TARIFF**

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**Case No.**  
**2014-\_\_\_\_\_**

**PREPARED TESTIMONY OF KERRY K. HOWARD from LICKING VALLEY**  
**RURAL ELECTRIC COOPERATIVE CORPORATION**

Q1: Please state your name and business address.

A1: My name is Kerry K. Howard and my business address is 271 Main Street; Post Office Box 605; West Liberty, Kentucky.

Q2: What is your occupation?

A2: General Manager/CEO for Licking Valley Rural Electric Cooperative Corporation (Licking Valley RECC).

Q3: How long have you been employed at your organization?

A3: I have been employed since January of 2005.

Q4: What is your education and work experience?

A4: I have a Bachelor of Science Degree from Morehead State University. Before my employment at Licking Valley RECC I managed the Howard Engineering Firm 1982 – 2005.

Q5: What is your role in administering the KY Energy Retrofit Rider (How\$martKY™) program at your Cooperative?

A5: I am the General Manager of Licking Valley RECC and will see that the program is administered effectively..

Q6: What criteria will your Cooperative use to determine what retrofits can be financed?

A6: Generally speaking we all want to be sure that the home is physically going to be around in ten, fifteen, twenty years such that the energy efficiency improvements will be worthwhile. In accordance with program guidelines and the tariff the location must be current on the last 12 months of utility bills and that only 90% of

the savings is used to determine the maximum amount that can be financed. Licking Valley RECC will also screen retrofits based on payment history and the stability of the structure and member.

Q7: How will your Cooperative market this program to its membership?

A7: Licking Valley RECC plans to social media, our website, Kentucky Living magazine, local newspapers and local radio and television.

Q8: How does your Cooperative plan to explain repayment obligations to individual members, including the filing of UCC Financing Statements?

A8: The monthly bill will increase with the monthly payment but, that increase should be offset with savings on the monthly Kwh usage.

Q9: How does your Cooperative plan to determine which administrative and capital costs will be borne by the Cooperative and which costs will be borne by MACED?

A9: Both administrative and capital costs will be allocated based on the Kentucky Energy Retrofit Program Memorandum of Agreement attached to the Application.

Q10: Does this conclude your testimony in this case?

A10: Yes, it does.

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**PREPARED TESTIMONY OF BILL BLAIR from MACED**

Q1: Please state your name and business address.

A1: My name is Bill Blair and my business address is 433 Chestnut Street, Berea, Kentucky 40403.

Q2: What is your occupation?

A2: I am the How\$martKY program coordinator and the Data Manager for MACED.

Q3: How long have you been employed at your organization?

A3: I have been working at MACED since June of 2010.

Q4: What is your education and work experience?

A4: I am a graduate of Eastern Kentucky University with a degree in computer electronics.

I have worked in the information technology field for 23 years.

Q5: What is your role in administering the KY Energy Retrofit Rider (How\$martKY™) program?

A5: As the How\$martKy program coordinator, I oversee MACED's energy assessment team and support each retrofit following the completion of the job to the customer and cooperative's satisfaction. Developed the application which tracks each retrofit and reports the results of the before and after retrofit utility usage. I also help with gathering these reports to share results of these savings on a regular basis to the Public Service Commission and other relevant stakeholders and funders. Responsible for supporting the finance team at MACED to setup and maintain each retrofit that has been completed and monitor the repayment.

Q6: How many energy/assessments and retrofits were completed across the pilot program, the total dollar amount financed, and the average amount financed for each retrofit?



A6: As of December 31, 2012, across all four partner energy cooperatives we completed 192 energy assessments and 108 retrofits were completed. The total amount financed was \$557,773 and our average job cost was \$7737 utilizing rebates from our cooperative partners and Kentucky Home Performance the average financed job cost was \$5577.

Q7: In your experience, what has been the overall satisfaction level of the cooperative members that have participated in the program?

A7: Because of the careful attention to quality service, we have heard overwhelmingly positive feedback from participants in the pilot program. One Fleming-Mason customer told us that after the work was done, "our house was the warmest it has been in twenty-four years. And the air-conditioning is great, too. I truly appreciate all the work and wish we could have done it sooner." A Big Sandy customer told us, "having had the work done, living in our house is like 'going from dark to daylight' Our home is so much more comfortable. We've used the heat and the A/C already because of the warm spring, and we couldn't be happier." I think these sentiments show the satisfaction that many of the participating members have felt with the program.

Q8: What criteria do you use to determine what retrofits can be financed?

A8: We have worked with each cooperative to design a check list for the cooperative's auditors to use when evaluating a potential house. This discretion is left to the cooperative, but generally speaking we all want to be sure that the home is physically going to be around in 10, fifteen, twenty years such that the energy efficiency improvements will be worthwhile. This is ultimately a decision that is made by each cooperative, however. In accordance with program guidelines the location must be current on the last 12 months of utility bills and that only 90% of the savings is used to determine the maximum amount that can be financed.

Q9: What trends did you see in administering the pilot?

A9: By looking at the data across the program, we saw consistent pattern of meaningful savings for the participating customers. We normalized the data from the pilot to remove weather fluctuations from our analysis. We found that on average, participating customers saved 21 percent after the retrofit work was done. In terms of our modeling accuracy, we found that the average projected savings calculated by our software model were within a dollar or two of the average actual savings experienced by participating customers. Because the pilot was limited in time and in scale, we look forward to working with more customers and inputting more data into the system. But what we have seen so far supports this program as one of the most effective ways for cooperative members to save money and live more comfortably in their homes.

Q10: Does this conclude your testimony in this case?

A10: Yes, it does.